

SENATE BILL No. 107

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-4-4; IC 5-10.2-4-4.5.

Synopsis: Increase in public employee pensions. Provides that the multiplier used in calculating PERF or TRF pension benefits for retirees is 1.1% plus an additional 0.02% for each year of service in excess of ten years, with a maximum multiplier of 1.5%. (Current law provides that the multiplier is 1.1%.)

Effective: July 1, 1999.

Waterman

January 6, 1999, read first time and referred to Committee on Pensions and Labor.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 107

A BILL FOR AN ACT to amend the Indiana Code concerning public pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-4-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) The computation
3 of benefits under this section is subject to IC 5-10.2-2-1.5.

4 (b) For retirement benefits payable on and after July 1, 1975, for a
5 member retired on and after January 1, 1956, the pension (p) is
6 computed as follows:

7 STEP ONE: Multiply ~~one and one-tenths percent (1.1%)~~ the
8 **applicable percentage (ap) determined under section 4.5 of**
9 **this chapter** times the average of the annual compensation (aac)
10 and obtain a product.

11 STEP TWO: To obtain the pension, multiply the STEP ONE
12 product by the total creditable service (scr) completed by the
13 member on his retirement date.

14 Expressed mathematically:

15 $p = \text{(~~0.11~~) (ap) times (aac) times (scr)}$

16 (c) Unless the member has chosen a lump sum payment under
17 section 2 of this chapter, the annuity is the amount purchasable on the

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IN 107—LS 6478/DI 44+



member's retirement date by the amount credited to the member in the annuity savings account. The amount purchasable is based on actuarial tables adopted by the board under IC 5-10.2-2-10 at an interest rate determined by the board but no greater than the average interest rate earned during the immediately preceding fiscal year ending June 30 on bonds held in the investment portfolio of the fund.

SECTION 2. IC 5-10.2-4-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 4.5. (a) For a member who retires before July 1, 1999, the applicable percentage referred to in section 4(b) of this chapter is one and one-tenth percent (1.1%).**

(b) For a member who retires after June 30, 1999, the applicable percentage referred to in section 4(b) of this chapter is determined in STEP FOUR of the following formula:

STEP ONE: Subtract ten (10) from the member's total years of creditable service.

STEP TWO: Multiply the result determined under STEP ONE by two-hundredths percent (0.02%).

STEP THREE: Add the STEP TWO product to one and one-tenth percent (1.1%).

STEP FOUR: Determine the lesser of:

(A) the STEP THREE sum; or

(B) one and five-tenths percent (1.5%).

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